



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Sam Liccardo

SUBJECT: PLANNED DEVELOPMENT
REZONING FROM THE CG TO
CG (PD) TO ALLOW THE USES
CG ZONING DISTRICT,
INCLUDING A RELOCATED
CARDROOM (BAY 101)

DATE: September 22, 2014

APPROVED:

Sam Liccardo FB

9-22-14

RECOMMENDATION

Accept staff recommendations with the following changes:

1. Approve the rezoning to the CG (PD) Planned Development Zoning District for Alternative 2 only – for 350,000 square feet of office, 6,000 square feet of retail, and two hotels – but specifically excluding development for a cardroom.
2. Return to Council to consider approval of Alternative 1, if, and only if, Council is satisfied that by so approving the cardroom use, there will be no aggregate expansion of the number of cardroom tables within Santa Clara County.

DISCUSSION

The elephant in the room—but missing from the staff report—is Bay 101's intention to move to Milpitas. More important than the move is the fact that Bay 101 intends to nearly triple the number of card tables at a proposed Milpitas casino. With much more gaming activity, and without the benefit of experienced regulators at the San Jose Police Department to avoid the well-publicized past problems associated with gaming, we should share concerns about the negative impacts of Milpitas gaming throughout the South Bay.

Through a vote of our electorate, we have a City Charter that limits the number of cardroom tables in the City of San Jose. That limitation—which constrains Bay 101 to 49 tables in their card room—reflects the reasonable and understandable desire of the community to limit the

criminogenic impacts of gambling in their community. Unable to secure expansion at the ballot box in 2012 when Measure E was soundly rejected by nearly 58% of voters, the gaming industry has now engaged in a different strategy to expand gaming— one more subtle than a ballot measure. The end game, however, is the same.

The community's concern about gaming expansion is understandable. Ample studies point to the impact of cardclubs and gaming in increasing crime in nearby communities (see, e.g., Grinols, E.L. (2000). "Casino gambling causes crime." University of Illinois Institute of Government and Public Affairs Policy Forum, Vol. 12, Issue 2, pgs. 1–4. Grinols, E.L. and Mustard, D.B. (2006). "Casinos, crime, and community costs." Review of Economics and Statistics, Vol. 88, Issue 1, pgs. 28–45.)

We should adhere to the spirit of the voters' intentions by supporting restraints on growth of cardroom operations in our community, and we can do so by declining to approve any cardroom at the North First Street site. Simply, if Bay 101 expands in Milpitas, we shouldn't contribute to the problem by enabling Bay 101 or any other operator to also open another 49 tables on North First Street. If Bay 101 declines to expand in Milpitas, certainly the Council can consider approving the San Jose site at that time. In the meantime, this Council shouldn't be manipulated to facilitate expansion of gaming in the South Bay.

We can certainly allow the applicant to move forward with other development critical to our mutual economic development objectives – hotels, office, and the like. Card clubs are hardly the kind of innovative economic development that has made Silicon Valley the envy of the rest of the world. We can do better, and we should demand more.